

FILED IN THE
UNITED STATES
BANKRUPTCY COURT

2016 JUL 11 AM 9:10

DISTRICT OF UTAH

July 8, 2016

United States Bankruptcy Court for the District of Utah
Central Division
Honorable Chief Judge R. Kimball Mosier
Frank E. Moss U.S. Courthouse
350 South Main Street, 3rd Floor
Salt Lake City, Utah 84101

Re: Perseon Corporation Chapter 11 Case No. 16-24435 (RKM), ECF No. 63,
Support for Objection to Debtor's Motion for Order Approving Assumption of
Insider Employment Agreement, As Amended

Dear Hon. Judge Mosier:

I have been a shareholder in Perseon (formerly BSD Medical) since 2010. I am writing to express my full support for the objection filed by B.E. Capital Management Fund to the Debtor's motion for an order approving the assumption of Clint Carnell's employment agreement, as amended.

From the time Mr. Carnell has served as CEO of the company up to and including taking it into bankruptcy, he has failed to perform his fiduciary duty of looking after shareholder interests and instead sought to enrich himself at the expense of shareholder equity. For example, his employment agreement of November 10, 2014 calls for a \$150,000 performance bonus last year, yet he failed to achieve success in every endeavor he undertook, namely:

1. He failed to extract value from the company's unique and award-winning asset, the hyperthermia business, in the end selling it for a mere \$1M, less than the price of a single high-end machine even though multi-million dollar sales agreements with distributors were already in place;
2. He failed to achieve his targeted \$3.5M in revenues from the microwave ablation business in the first year of his 3-year strategic plan;
3. He came up short in raising \$5M in net proceeds from a secondary share offering as directed by the Board;
4. He failed to see to it that the Galil merger closed successfully;
5. He blew through \$11M in shareholder equity in a little more than a year's time;
6. He has failed in growing the stock price; on the contrary, it has plummeted 99.5% since he took the helm.

2

By any measure, this is not deserving of a performance bonus. Then to be offered 2 years of severance for a change of control is outrageous, especially since he had a job lined up with Alphaeon.

To add insult to injury, Mr. Carnell now seeks additional compensation, a \$600,000 success bonus and a \$250,000 fee, that will totally drain what little shareholder equity is left in the company.

Moreover, shareholders have been forced into this voluntary Chapter 11 bankruptcy without any say in the matter. In fact, we question whether Mr. Carnell even has the authority according to the company's bylaws to take it into such a voluntary bankruptcy, especially when all corporate debt is unsecured and shareholder value is likely to be annihilated. This is clearly yet another egregious example of his total disregard for shareholder interests.

Without the objection filed by B.E. Capital Partners, there would be no consideration at all given to shareholders receiving any benefit from the bankruptcy. And given that more than 40% of the claimed liabilities are executive bonuses, change of control fees, and compensation -- unreasonably exorbitant in our view -- such an objection is clearly justifiable.

I therefore urge you, for the sake of shareholders, to sustain the objection and deny the assumption of Clint Carnell's employment agreement, as amended. In fact, shareholders would prefer an independent trustee with no stake in the company to oversee such a simple bankruptcy as this.

Respectfully submitted,



Alec Epting
Perseon shareholder
2002 Ptarmigan Ct.
Marvin, NC 28173
email: alec_epting@hotmail.com

cc: John T. Morgan, US Trustee